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UNCLAS SECTION 01 OF 04 SHANGHAI 000309

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SUBJECT: SHANGHAI AND ENVIRONMENTAL PROTECTION

REF: SHANGHAI 148

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¶1. (SBU) SUMMARY: With the Shanghai 2010 World Expo approaching, Shanghai has been discussing environmental protection in several different fora. Shanghai's experience with environmental protection has been quite different from other cities in China due to its rapid growth and expansion. Because of this, officials have developed different approaches through action plans and multi-agency groups to address environmental challenges such as air and water pollution and transportation. In the past decade, the city has made great strides, spending three percent of GDP on environmental-related projects to address the city's waste and industrial pollution and to implement greenification projects. The environmental action plans have helped to meet national targets, sometimes ahead of schedule. In looking towards the future, city officials hope to make upcoming plans more objective-based rather than project-based. Despite these great achievements, Shanghai still has much to do to ensure that the city continues on a path of sustainable development with environmental standards and quality of life comparable to other world megacities. END SUMMARY.

¶2. (U) The Shanghai Municipal Government recently hosted several events and conferences on sustainable development and environmental protection, many with the underlying theme of the upcoming Shanghai 2010 World Expo, namely, "Better City, Better Life". These conferences attracted experts from the United Nations, United States, Europe, Hong Kong, and Beijing, as well as from Shanghai and the surrounding provinces. As a follow-up to these events, Post has met with Municipal Government officials and academics to discuss the environmental challenges faced by the city, plans for the environmentally-focused 2010 World Expo, and Shanghai's environmental planning.

SHANGHAI AND THE ENVIRONMENT - DIFFERENT EXPERIENCE, DIFFERENT APPROACH

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13. (SBU) According to Shanghai Environmental Protection Bureau (EPB) Deputy Director FANG Fang, Shanghai's experience with environmental protection has been quite different from other cities in China due to its rapid growth and expansion. While others may have had time to consider the environment in their overall development plan, Fang noted that Shanghai's zero to rapid development gave Shanghai little opportunity to adequately factor environmental challenges into its development equation. According to Fang, in the 1990s, Shanghai's leadership realized the need for balance -- to grow the economy while decreasing the impact on the environment. In the past decade and a half, this densely populated city has made great strides in mitigating pollution as evidenced by the city's cleaner air, water, and more abundant green spaces, said Fang. With 18.58 million people living on an area of about 640 square kilometers, Shanghai's population continually puts enormous pressure on the city's environment and limited resources.

#### ENVIRONMENTAL PROTECTION COMMITTEE: A COMPREHENSIVE APPROACH

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14. (SBU) Recognizing the importance of a comprehensive approach to environmental protection, GAN Zhongze, Chairman, Urban Planning and Environmental Protection Committee, Shanghai Municipal Peoples Congress (SMPC) also lauded Shanghai's early regulations to improve environmental protection. He said these laws have ensured that environmental protection has been mainstreamed and factored into Shanghai's various development plans. Gan indicated that local regulations have reflected the Central Government's increased focus on the environment and its

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mandate that the environment and natural resources can no longer be sacrificed for economic growth. To this aim Shanghai created the multi-agency Shanghai Environmental Protection Committee (SEPC).

15. (SBU) The SEPC is chaired by the Mayor with representatives from the EPB, the Shanghai Development and Reform Commission, and the Municipal Law Office. The Committee has seven working groups (Water, Air, Solid Waste, Industry, Agriculture, Ecology, and Policy) and liaises with relevant government agencies, responsible entities, and local district governments to provide policy support and ensure comprehensive implementation of environmental plans and programs.

#### SHANGHAI'S ENVIRONMENTAL CHALLENGES

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16. (SBU) EPB Director ZHANG Quan noted that Shanghai, with its limited natural resources, expanding population, and continuous economic development, faces numerous environmental challenges. Energy consumption (both residential and industrial) continues to rise, making it challenging to fulfill national energy reduction targets. Zhang said that the growth in the number of automobiles on Shanghai streets exacerbates pollution problems as well. He noted that by the end of 2008, total vehicle volume in Shanghai reached 2.6 million, resulting in increased vehicle emissions and noise problems throughout the city. Industrial pollution in the suburban industrial zones is also a contributing factor. Additionally, particulate concentration such as PM10 in Shanghai is 3 times greater than in other

mega-cities (e.g., New York and Tokyo) similar to Shanghai, said Zhang.

17. (SBU) Officials at the Shanghai Environment Monitoring Center (SEMC) and CHEN Changhong, Director of the Atmospheric Environment Institute of the Shanghai Academy of Environmental Sciences, echoed Zhang's sentiments. They noted that atmospheric pollution such as acid rain, photo-chemical pollution and regional haze have also contributed to Shanghai's overall air quality issues. According to FU Qingyan, Assistant to the Director of the SEMC, while Shanghai's air quality standards (PM10) show that approximately only one-third of Shanghai's days each year have a rating of poor air quality or worse, if more stringent air quality indexes (such as PM2.5 - used by the U.S. EPA and some other countries and localities) were applied, more than half of the days of the year in Shanghai would have a poor or unhealthy air quality rating.

#### LEARNING AND DOING AND DOING AND LEARNING: THE ACTION PLANS

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18. (SBU) With the creation of the EPB in the early 1990s, EPB Deputy Director Fang said its initial focus was on specific targets such as reducing industrial pollutants or greenification projects. However, starting in 2000 the city adopted a multi-focus approach through Three-Year Environmental Action Plans (currently in their fourth round). Through these action plans, Fang said that Shanghai has been 'learning and doing and doing and learning' to improve Shanghai's environmental protection capabilities and record. The first three-year action plan focused on water and air pollution control, solid waste disposal, greenery development and rehabilitation of old industries. The second round added projects in the areas of agricultural/ecological conservation and the rehabilitation of key enterprises and regions. Building on the first two rounds,

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the third round also focused on industrial pollution control as well as ecological conservation and infrastructure development. Since 2000, over 650 projects have been completed, including sewage treatment plants, cleaner fuel substitution for coal burning boilers and furnaces, and enhanced domestic waste management. Through the plans approximately RMB 35-45 billion annually (approximately 3 percent of GDP) has been invested in environmental protection-related projects.

#### THE 4TH ROUND OF THE THREE-YEAR ENVIRONMENTAL ACTION PLAN

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19. (SBU) EPB Director Zhang Quan indicated that in the current round of the Three-Year Environmental Action Plan (fourth round: 2009-2011), Shanghai will undertake more than 200 projects with a total investment of over RMB 80 billion (USD 12 billion). Some of the key infrastructure projects will include: building a drinking water source in Qing Caosha at the estuary of the Yangtze River; utilization of desulfurization technologies at all coal-burning power plants in the city; and utilization of denitrofication technology in several city power plants. For waste disposal, Shanghai plans to complete its urban sewage collection network which will treat approximately 90 percent of residential sewage, and implement technology to effectively treat 85 percent of residential waste and 100 percent of hazardous waste. The plan also includes clean energy projects including heat pumps utilizing river water as an energy source,

photovoltaic technologies, and others that the city plans to showcase at the Shanghai 2010 World Expo (see reftel for more on the environmental focus of the Expo).

¶10. (SBU) To help curb air pollution, the action plan incorporates projects aimed at making public transportation more environmentally friendly. In 2009, National IV (equal to Euro IV) Vehicle Emission Standard will be mandated for all new vehicles in Shanghai. Shanghai has undergone a massive public transportation system overhaul over the past few years. By 2010, the total cumulative distance of local subway lines will be extended to approximately 400 km, making public transport more accessible to Shanghai residents (and for the seventy million visitors predicted for the 2010 World Expo). By 2011, 45 percent of all buses and taxis will be mandated to meet National III standards. Shanghai will continue greenification projects and promote eco-agriculture in its suburban areas.

#### SHANGHAI TO COMPLETE POLLUTION REDUCTION TARGETS ON TIME

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¶11. (SBU) In addition to the three-year environmental action plans, Shanghai also has a Five-Year Environment Protection Strategic Plan, tied more closely to the national five year planning cycle. WU Jingsong from EPB's Comprehensive Planning Division which is responsible for the formulation, drafting and evaluation of Shanghai's five-year plan said that Shanghai ranked first in China last year in cutting down Chemical Oxygen Demand (COD), completing the 11th Five-Year Environment Protection Plan (2006-2010) target one year ahead of schedule. According to Wu, Shanghai should also be able to meet sulfur dioxide (SO2) reduction targets by 2010 as well. He said that in 2005 and 2006, most of Shanghai's desulfurization projects were under construction and therefore the SO2 reduction rates were low. Starting from 2007, with the completion of some projects, SO2 reduction has improved, with half the SO2 reduction target met by 2008.

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#### LOOKING TOWARDS THE FUTURE

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¶12. (SBU) LIN Weiqing, Chief Engineer from the Shanghai Academy of Environmental Sciences, outlined plans for Shanghai's 12th Five-Year Environment Protection Plan which is now being researched and drafted. EPB hopes to make this plan more objective-oriented rather than project-oriented as has been past practice, said Lin. Some of the objectives under deliberation are reducing vehicle and volatile organic compound (VOC) emissions; reducing the risk to public health from ozone and haze conditions; cutting SO2, nitrogen oxide, and mercury emissions; focusing on eutrophication management and rehabilitation of the eco-system of Dianshan Lake; and reduce rainfall run-off and improve the overall water quality of the city's rivers and canals.

COMMENT

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¶13. (SBU) Shanghai is a frontrunner in China's environmental protection efforts. The city's prosperous residents, traditionally more cosmopolitan and international, have perhaps a greater understanding than many Chinese citizens of the importance of environmental protection and overall public health and wellbeing. In the recent past, Shanghai residents have voiced their concerns about environmental problems, urging the government to act. Shanghai's leadership also recognizes the importance of protecting the environment, especially given the city's limited area and large population. The 2010 World Expo has given Shanghai opportunity and a new motive force to move further and faster on air and water pollution reduction and on public transportation projects, much as the 2008 Summer Olympic Games wrought some industrial structure, pollution control and mass transportation changes in Beijing. Despite substantial achievements to date, Shanghai still has much to do to ensure that the city continues on a path of sustainable development with environmental standards and quality of life comparable to other world megacities.

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